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HOUSE BILL 855

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

Mimi Stewart

AN ACT

RELATING TO PUBLIC SCHOOLS; PROVIDING FOR A LOCAL OPTION
PROPERTY TAX FOR SCHOOL DISTRICT OPERATIONAL PURPOSES; CREATING
A FUND; PROVIDING FOR DISTRIBUTION; AMENDING AND ENACTING
SECTIONS OF THE NMSA 1978; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. [NEW MATERIAL] SHORT TITLE.--Sections 1
through 7 of this act may be cited as the "Local Operational
School Levy Act".

Section 2. [NEW MATERIAL] DEFINITIONS.--As used in the
Local Operational School Levy Act:

A. "department" means the public education
department;

B. "forty-day program costs" means program costs,
as defined in the Public School Finance Act, for any school

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1 district as calculated using membership, as defined in the
2 Public School Finance Act, on the fortieth day of the
3 applicable school year in that school district;

4 C. "local school board" means the governing body of
5 a school district;

6 D. "operational purposes" means those expenditure
7 categories for the general operation of a school district that
8 are defined in department rules for uniform financial
9 accounting and budgeting for school districts;

10 E. "secretary" means the secretary of public
11 education; and

12 F. "taxable value of property" means the sum of the
13 following:

14 (1) the "net taxable value", as that term is
15 defined in the Property Tax Code, of property subject to
16 taxation under the Property Tax Code;

17 (2) the "assessed value" of "products" as
18 those terms are defined in the Oil and Gas Ad Valorem
19 Production Tax Act;

20 (3) the "assessed value" of "equipment" as
21 those terms are defined in the Oil and Gas Production Equipment
22 Ad Valorem Tax Act; and

23 (4) the "taxable value" of "copper mineral
24 property" as those terms are defined in the Copper Production
25 Ad Valorem Tax Act.

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1 Section 3. [NEW MATERIAL] LOCAL SCHOOL BOARD--
2 AUTHORIZATION TO IMPOSE A TAX FOR SCHOOL DISTRICT OPERATIONAL
3 PURPOSES--RESOLUTION--ELECTION REQUIRED.--

4 A. A local school board may adopt a resolution
5 authorizing, for school district operational purposes, the
6 imposition of a property tax upon the taxable value of property
7 in the school district. The total tax imposition that may be
8 authorized under the Local Operational School Levy Act shall
9 not exceed a rate of four dollars (\$4.00) on each one thousand
10 dollars (\$1,000) of taxable value of property in the school
11 district.

12 B. The tax authorized pursuant to Subsection A of
13 this section shall not be imposed unless the question of
14 authorizing the imposition of the tax is submitted to the
15 voters of the district. The local school board shall not
16 submit to the voters at any one election a question authorizing
17 the imposition of a tax under the Local Operational School Levy
18 Act at a rate greater than two dollars (\$2.00) on each one
19 thousand dollars (\$1,000) of taxable value of property in the
20 school district or for a period of more than ten years.

21 C. During the three years prior to the expiration
22 of any period during which a tax has been authorized to be
23 imposed pursuant to the Local Operational School Levy Act, the
24 local school board may adopt a resolution under Subsection A of
25 this section and submit to the voters of the school district

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1 the question of authorizing the imposition of a tax under that
2 act for an additional period not to exceed ten years with the
3 tax to be certified and first imposed for the period
4 immediately succeeding the last year of the period the tax was
5 previously authorized to be imposed.

6 D. Any resolution adopted pursuant to Subsection A
7 of this section shall specify:

8 (1) the rate of the proposed tax;

9 (2) the date a referendum will be held to
10 submit the question of imposition of the tax to the voters of
11 the school district;

12 (3) the period of time the tax is authorized
13 to be imposed; and

14 (4) the proposed use of the revenues from the
15 proposed tax.

16 E. The local school board shall mail the secretary
17 a copy of the resolution authorizing a tax pursuant to
18 Subsection A of this section within two weeks following its
19 adoption by the local school board.

20 F. Any amounts received by the school district
21 under the provisions of the Local Operational School Levy Act
22 shall be expended only for operational purposes of the school
23 district.

24 Section 4. [NEW MATERIAL] CONDUCT OF ELECTION--BALLOT.--

25 A. The question of authorizing the imposition of a
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1 tax under the Local Operational School Levy Act shall be
2 submitted to the voters at the first regular school district
3 election following the adoption of a resolution pursuant to
4 Section 3 of the Local Operational School Levy Act. However,
5 if a local school board deems it necessary, it may call a
6 special school district election to submit to the voters the
7 initial question of the authorization of a tax under the Local
8 Operational School Levy Act. Thereafter, the question of
9 authorizing the imposition of any additional tax under the
10 Local Operational School Levy Act shall be submitted to the
11 voters only at regular school district elections.

12 B. The proclamation calling the election shall be
13 filed and published as required under the School Election Law
14 and shall specify:

15 (1) the date on which the election will be
16 held;

17 (2) the question of whether the imposition of
18 a property tax for school district operational purposes shall
19 be authorized pursuant to the Local Operational School Levy Act
20 at a rate not to exceed the rate specified in the authorizing
21 resolution and for the period specified in that resolution;

22 (3) the precincts in each county in which the
23 election is to be held and the location of each polling place;

24 (4) the hours each polling place will be open;
25 and

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1 (5) the date and time of the closing of the
2 registration books by the county clerk as required by law.

3 C. The ballot shall include the information
4 specified in Paragraph (2) of Subsection B of this section and
5 shall present the voter the choice of voting "for the local
6 operational school levy" or "against the local operational
7 school levy".

8 D. The election shall be held, conducted and
9 canvassed pursuant to the School Election Law.

10 E. The local school board shall notify the
11 secretary of the results of the election immediately upon
12 completion of the canvass.

13 F. Any resolution authorizing a tax pursuant to the
14 Local Operational School Levy Act shall be adopted by a date
15 necessary to ensure that the results of the election on the
16 question of imposing the tax shall be certified no later than
17 June 15 of the property tax year for which the tax rates will
18 first be certified.

19 Section 5. [NEW MATERIAL] IMPOSITION OF TAX--
20 CERTIFICATION BY DEPARTMENT OF FINANCE AND ADMINISTRATION--
21 DISCONTINUANCE OF TAX.--

22 A. If a majority of the voters voting on the
23 question votes for a local operational school levy pursuant to
24 a resolution adopted under the Local Operational School Levy
25 Act, the tax shall be imposed for the earliest period for which

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1 the tax rate may be certified, except as otherwise provided in
2 that act. The tax rate shall be certified by the department of
3 finance and administration and imposed, administered and
4 collected in accordance with the provisions of the Oil and Gas
5 Ad Valorem Production Tax Act, the Oil and Gas Production
6 Equipment Ad Valorem Tax Act, the Copper Production Ad Valorem
7 Tax Act and the Property Tax Code.

8 B. If a majority of the voters voting on the
9 question votes against a local operational school levy, the tax
10 shall not be imposed. The local school board shall not again
11 adopt a resolution authorizing the imposition of a tax under
12 the Local Operational School Levy Act for at least two years
13 after the date of the resolution that the voters rejected.

14 C. The department of finance and administration
15 shall not certify the tax rates for taxes authorized pursuant
16 to the Local Operational School Levy Act in any year in which
17 the secretary certifies by July 1 of that year that money in
18 the local operational school fund for the next school year is
19 not sufficient to meet the demands on the fund. The tax rates
20 authorized but not certified shall be certified in the first
21 succeeding year for which the necessary appropriation to the
22 local operational school fund for the next school year has been
23 made.

24 D. The department of finance and administration
25 shall not certify the tax rate for a tax authorized pursuant to

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1 the Local Operational School Levy Act for any school district
2 in the state in any year in which the public education
3 department notifies the department of finance and
4 administration by August 1 that the imposition of the taxes or
5 the use of revenues from the taxes would result in:

6 (1) the failure to qualify for certification
7 by the secretary of the United States department of education
8 as having in effect for the tax year in which the tax would
9 otherwise be imposed, administered and collected a program of
10 state aid that equalizes expenditures for free public education
11 among local educational agencies in the state; or

12 (2) when computed according to 20 U.S.C.
13 7709(d)(1), a proportion of less than eighty percent in any
14 school district.

15 E. The local school board may discontinue by
16 resolution the imposition of any tax authorized pursuant to the
17 Local Operational School Levy Act. The discontinuance
18 resolution shall be mailed to the department of finance and
19 administration and the secretary no later than June 15 of the
20 year in which a tax rate pursuant to that act is not to be
21 certified.

22 Section 6. [NEW MATERIAL] LOCAL OPERATIONAL SCHOOL FUND
23 CREATED--APPROPRIATION.--There is created in the state treasury
24 the "local operational school fund". The fund shall be
25 invested as other state funds are invested. Earnings on

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1 balances in the local operational school fund shall be credited
2 to the fund, and amounts in the fund are appropriated for the
3 purposes of the Local Operational School Levy Act.

4 Section 7. [NEW MATERIAL] STATE GUARANTEE--STATE
5 DISTRIBUTION--REMITTANCE OF EXCESS AMOUNTS.--

6 A. The state guarantee for a school district that
7 has imposed a tax pursuant to the Local Operational School Levy
8 Act shall be an amount equal to the product obtained by
9 multiplying two and one-half percent by the tax rate certified
10 pursuant to that act and multiplying that product by the forty-
11 day program cost for the school year beginning in any year a
12 tax rate under that act is certified for that school district.

13 B. The state distribution for a school district for
14 a school year is an amount that shall not exceed the state
15 guarantee for that district and that is equal to the amount by
16 which the guarantee exceeds the revenue from the tax imposed in
17 that school district pursuant to the Local Operational School
18 Levy Act received during the period beginning June 1 of the
19 year during which a tax rate under that act is certified for
20 the school district and ending May 31 of the next year. If a
21 school district is entitled to a state distribution, the
22 secretary shall distribute the calculated amount from the local
23 operational school fund to the school district not later than
24 June 30 of the calendar year following the year during which
25 the tax rate was certified.

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1 C. If the revenue received during the period June 1
2 to May 31 from the imposition of the tax authorized by the
3 Local Operational School Levy Act exceeds the state guarantee
4 for the school year during which the revenue was received, the
5 local school board shall remit to the local operational school
6 fund by June 30 of the school year an amount equal to the sum
7 of the amounts derived from the following three calculations:

8 (1) one-fourth of the amount of revenue that
9 exceeds one hundred twenty-five percent of the state guarantee
10 but is less than one hundred fifty percent of the state
11 guarantee;

12 (2) one-half of the amount of revenue that is
13 one hundred fifty percent or more of the state guarantee but
14 less than one hundred seventy-five percent of the state
15 guarantee; and

16 (3) three-fourths of the amount of revenue
17 that is one hundred seventy-five percent or more of the state
18 guarantee.

19 D. If the balance in the local operational school
20 fund in any fiscal year is insufficient to pay the sum of the
21 distribution amounts determined to be due to all the school
22 districts entitled to a distribution, the amount necessary to
23 pay all distribution amounts in full shall be transferred from
24 the state-support reserve fund to the local operational school
25 fund for distribution to school districts as required pursuant

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1 to this section. However, if there is not a sufficient balance
2 in the state-support reserve fund to pay both the full state
3 equalization guarantee distribution and the state distributions
4 under this section, the state equalization guarantee
5 distribution shall be made in full and, based on the amount
6 available in the local operational school fund, each state
7 distribution amount due pursuant to this section shall be
8 reduced proportionately.

9 E. Distributions to school districts made pursuant
10 to the Local Operational School Levy Act shall be supplemental
11 to state equalization guarantee distributions made pursuant to
12 the Public School Finance Act. In no fiscal year shall the
13 amount of state funding pursuant to the Public School Finance
14 Act be reduced because of the imposition in one or more school
15 districts of a tax under the Local Operational School Levy Act.
16 The absence of a distribution to a school district under the
17 Local Operational School Levy Act shall not affect the amount
18 of any state equalization guarantee distributions to that
19 school district pursuant to the Public School Finance Act.

20 Section 8. Section 7-37-7.1 NMSA 1978 (being Laws 1979,
21 Chapter 268, Section 1, as amended) is amended to read:

22 "7-37-7.1. ADDITIONAL LIMITATIONS ON PROPERTY TAX
23 RATES.--

24 A. Except as provided in Subsections D and E of
25 this section, in setting the general property tax rates for
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1 residential and nonresidential property authorized in
2 Subsection B of Section 7-37-7 NMSA 1978, the other rates and
3 impositions authorized in Paragraphs (2) and (3) of Subsection
4 C of Section 7-37-7 NMSA 1978, except the portion of the rate
5 authorized in Paragraph (1) of Subsection A of Section 4-48B-12
6 NMSA 1978 used to meet the requirements of Section 27-10-4 NMSA
7 1978 and except rates authorized pursuant to the Local
8 Operational School Levy Act, and benefit assessments authorized
9 by law to be levied upon net taxable value of property,
10 assessed value or a similar term, neither the department of
11 finance and administration nor any other entity authorized to
12 set or impose a rate or assessment shall set a rate or impose a
13 tax or assessment that will produce revenue from either
14 residential or nonresidential property in a particular
15 governmental unit in excess of the sum of a dollar amount
16 derived by multiplying the appropriate growth control factor by
17 the revenue due from the imposition on residential or
18 nonresidential property, as appropriate, for the prior property
19 tax year in the governmental unit of the rate, imposition or
20 assessment for the specified purpose plus, for the calculation
21 for the rate authorized for county operating purposes by
22 Subsection B of Section 7-37-7 NMSA 1978 with respect to
23 residential property, any applicable tax rebate adjustment.
24 The calculation described in this subsection shall be
25 separately made for residential and nonresidential property.

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1 Except as provided in Subsections D and E of this section, no
2 tax rate or benefit assessment that will produce revenue from
3 either class of property in a particular governmental unit in
4 excess of the dollar amount allowed by the calculation shall be
5 set or imposed. The rates imposed pursuant to Sections 7-32-4
6 and 7-34-4 NMSA 1978 shall be the rates for nonresidential
7 property that would have been imposed but for the limitations
8 in this section. As used in this section, "growth control
9 factor" is a percentage equal to the sum of "percent change I"
10 plus V where:

$$(1) \quad V = \frac{\text{base year value} + \text{net new value}}{\text{base year value}}$$

13 expressed as a percentage, but if the percentage calculated is
14 less than one hundred percent, then V shall be set and used as
15 one hundred percent;

16 (2) "base year value" means the value for
17 property taxation purposes of all residential or nonresidential
18 property, as appropriate, subject to valuation under the
19 Property Tax Code in the governmental unit for the specified
20 purpose in the prior property tax year;

21 (3) "net new value" means the additional value
22 of residential or nonresidential property, as appropriate, for
23 property taxation purposes placed on the property tax schedule
24 in the current year resulting from the elements in
25 Subparagraphs (a) through (d) of this paragraph reduced by the

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1 value of residential or nonresidential property, as
2 appropriate, removed from the property tax schedule in the
3 current year and, if applicable, the reductions described in
4 Subparagraph (e) of this paragraph:

5 (a) residential or nonresidential
6 property, as appropriate, valued in the current year that was
7 not valued at all in the prior year;

8 (b) improvements to existing residential
9 or nonresidential property, as appropriate;

10 (c) additions to residential or
11 nonresidential property, as appropriate, or values that were
12 omitted from previous years' property tax schedules even if
13 part or all of the property was included on the schedule, but
14 no additions of values attributable to valuation maintenance
15 programs or reappraisal programs shall be included;

16 (d) additions to nonresidential property
17 due to increases in annual net production values of mineral
18 property valued in accordance with Section 7-36-23 or 7-36-25
19 NMSA 1978 or due to increases in market value of mineral
20 property valued in accordance with Section 7-36-24 NMSA 1978;
21 and

22 (e) reductions to nonresidential
23 property due to decreases in annual net production values of
24 mineral property valued in accordance with Section 7-36-23 or
25 7-36-25 NMSA 1978 or due to decreases in market value of

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1 mineral property valued in accordance with Section 7-36-24 NMSA
2 1978; and

3 (4) "percent change I" means a percent not in
4 excess of five percent that is derived by dividing the annual
5 implicit price deflator index for state and local government
6 purchases of goods and services, as published in the United
7 States department of commerce monthly publication entitled
8 "survey of current business" or any successor publication, for
9 the calendar year next preceding the prior calendar year into
10 the difference between the prior year's comparable annual index
11 and that next preceding year's annual index if that difference
12 is an increase, and if the difference is a decrease, the
13 "percent change I" is zero. In the event that the annual
14 implicit price deflator index for state and local government
15 purchases of goods and services is no longer prepared or
16 published by the United States department of commerce, the
17 department shall adopt by regulation the use of any comparable
18 index prepared by any agency of the United States.

19 B. If, as a result of the application of the
20 limitation imposed under Subsection A of this section, a
21 property tax rate for residential or nonresidential property,
22 as appropriate, authorized in Subsection B of Section 7-37-7
23 NMSA 1978 is reduced below the maximum rate authorized in that
24 subsection, no governmental unit or entity authorized to impose
25 a tax rate under Paragraph (2) of Subsection C of Section

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1 7-37-7 NMSA 1978 shall impose any portion of the rate
2 representing the difference between a maximum rate authorized
3 under Subsection B of Section 7-37-7 NMSA 1978 and the reduced
4 rate resulting from the application of the limitation imposed
5 under Subsection A of this section.

6 C. If the net new values necessary to make the
7 computation required under Subsection A of this section are not
8 available for any governmental unit at the time the calculation
9 must be made, the department of finance and administration
10 shall use a zero amount for net new values when making the
11 computation for the governmental unit.

12 D. Any part of the maximum tax rate authorized for
13 each governmental unit for residential and nonresidential
14 property by Subsection B of Section 7-37-7 NMSA 1978 that is
15 not imposed for a governmental unit for any property tax year
16 for reasons other than the limitation required under Subsection
17 A of this section may be authorized by the department of
18 finance and administration to be imposed for that governmental
19 unit for residential and nonresidential property for the
20 following tax year subject to the restriction of Subsection D
21 of Section 7-38-33 NMSA 1978.

22 E. If the base year value necessary to make the
23 computation required under Subsection A of this section is not
24 available for any governmental unit at the time the calculation
25 must be made, the department of finance and administration

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1 shall set a rate for residential and nonresidential property
2 that will produce in that governmental unit a dollar amount
3 that is not in excess of the property tax revenue due for all
4 property for the prior property tax year for the specified
5 purpose of that rate in that governmental unit.

6 F. For the purposes of this section:

7 (1) "nonresidential property" does not include
8 any property upon which taxes are imposed pursuant to the Oil
9 and Gas Ad Valorem Production Tax Act, the Oil and Gas
10 Production Equipment Ad Valorem Tax Act or the Copper
11 Production Ad Valorem Tax Act; and

12 (2) "tax rebate adjustment" means, for those
13 counties that have an ordinance in effect providing the
14 property tax rebate pursuant to the Income Tax Act for the
15 property tax year and that have not imposed for the property
16 tax year either a property tax, the revenue from which is
17 pledged for payment of the income tax revenue reduction
18 resulting from the provision of the property tax rebate, or a
19 property transfer tax, the estimated amount of the property tax
20 rebate to be allowed with respect to the property tax year, and
21 for any other governmental unit or purpose, zero; provided that
22 any estimate of property tax rebate to be allowed is subject to
23 review for appropriateness and approval by the department of
24 finance and administration."

25 Section 9. Section 22-8-25 NMSA 1978 (being Laws 1981,

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1 Chapter 176, Section 5, as amended) is amended to read:

2 "22-8-25. STATE EQUALIZATION GUARANTEE DISTRIBUTION--
3 DEFINITIONS--DETERMINATION OF AMOUNT.--

4 A. The state equalization guarantee distribution is
5 that amount of money distributed to each school district to
6 ensure that the school district's operating revenue, including
7 its local and federal revenues as defined in this section, is
8 at least equal to the school district's program cost.

9 B. "Local revenue", as used in this section, means
10 seventy-five percent of receipts to the school district derived
11 from that amount produced by a school district property tax
12 applied at the rate of fifty cents (\$.50) to each one thousand
13 dollars (\$1,000) of net taxable value of property allocated to
14 the school district and to the assessed value of products
15 severed and sold in the school district as determined under the
16 Oil and Gas Ad Valorem Production Tax Act and upon the assessed
17 value of equipment in the school district as determined under
18 the Oil and Gas Production Equipment Ad Valorem Tax Act. The
19 school district shall budget and expend twenty percent of the
20 total revenue receipts for capital outlay.

21 C. "Federal revenue", as used in this section
22 excludes amounts that if taken into consideration in the
23 computation of the state equalization guarantee distribution
24 will result, pursuant to federal law or regulations, in the
25 reduction or elimination of federal school funding otherwise

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1 receivable by the district, and means:

2 (1) receipts to the school district [~~excluding~~
3 ~~amounts that, if taken into account in the computation of the~~
4 ~~state equalization guarantee distribution, result, under~~
5 ~~federal law or regulations, in a reduction in or elimination of~~
6 ~~federal school funding otherwise receivable by the school~~
7 ~~district] derived from the following:~~

8 [~~(1)~~] (a) seventy-five percent of the
9 school district's share of forest reserve funds distributed in
10 accordance with Section 22-8-33 NMSA 1978. The school district
11 shall budget and expend twenty percent of the total forest
12 reserve receipts for capital outlay; and

13 [~~(2)~~] (b) seventy-five percent of grants
14 from the federal government as assistance to those areas
15 affected by federal activity authorized in accordance with
16 Title 20 of the United States Code, commonly known as "PL 874
17 funds" or "impact aid". The school district shall budget and
18 expend twenty percent of the grant receipts for capital outlay;
19 or

20 (2) with respect to a school district that
21 received PL 874 funds and for which a proportion of less than
22 seventy-five percent is calculated for the purpose of taking PL
23 874 funds into consideration in determining the state
24 equalization guarantee distribution, that lesser proportion of
25 receipts to the school district derived from grants from the

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1 federal government as assistance to those areas affected by
2 federal activity authorized in accordance with Title 20 of the
3 United States Code.

4 D. To determine the amount of the state
5 equalization guarantee distribution, the [~~state superintendent~~]
6 secretary shall:

7 (1) calculate the number of program units to
8 which each school district is entitled using an average of the
9 MEM on the fortieth, eightieth and one hundred twentieth days
10 of the prior year; or

11 (2) calculate the number of program units to
12 which a school district operating under an approved year-round
13 school calendar is entitled using an average of the MEM on
14 appropriate dates established by the [~~state board~~] department;
15 or

16 (3) calculate the number of program units to
17 which a school district with a MEM of two hundred or less is
18 entitled by using an average of the MEM on the fortieth,
19 eightieth and one hundred twentieth days of the prior year or
20 the fortieth day of the current year, whichever is greater; and

21 (4) using the results of the calculations in
22 Paragraph (1), (2) or (3) of this subsection and the
23 instructional staff training and experience index from the
24 October report of the prior school year, establish a total
25 program cost of the school district;

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1 (5) calculate the local and federal revenues
2 as defined in this section;

3 (6) deduct the sum of the calculations made in
4 Paragraph (5) of this subsection from the program cost
5 established in Paragraph (4) of this subsection; and

6 (7) deduct the total amount of guaranteed
7 energy savings contract payments that the [~~state~~
8 ~~superintendent~~] secretary determines will be made to the school
9 district from the public school utility conservation fund
10 during the fiscal year for which the state equalization
11 guarantee distribution is being computed.

12 E. The amount of the state equalization guarantee
13 distribution to which a school district is entitled is the
14 balance remaining after the deductions made in Paragraphs (6)
15 and (7) of Subsection D of this section.

16 F. The state equalization guarantee distribution
17 shall be distributed prior to June 30 of each fiscal year. The
18 calculation shall be based on the local and federal revenues
19 specified in this section received from June 1 of the previous
20 fiscal year through May 31 of the fiscal year for which the
21 state equalization guarantee distribution is being computed.
22 In the event that a school district has received more state
23 equalization guarantee funds than its entitlement, a refund
24 shall be made by the school district to the state general
25 fund."

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1 Section 10. Section 22-8-31 NMSA 1978 (being Laws 1967,
2 Chapter 16, Section 84, as amended) is amended to read:

3 "22-8-31. STATE-SUPPORT RESERVE FUND.--

4 A. The "state-support reserve fund" is created.

5 B. The state-support reserve fund shall be used
6 only to augment the appropriations for the state equalization
7 guarantee distribution and the distribution pursuant to the
8 Local Operational School Levy Act in order to [~~insure~~] ensure,
9 to the extent of the amount undistributed in the fund, that the
10 maximum figures for such [~~distribution~~] distributions
11 established by law shall not be reduced.

12 C. The undistributed money in the state-support
13 reserve fund shall be invested by the state treasurer in
14 interest-bearing securities of the United States government or
15 in certificates of deposit in qualified banks and in savings
16 and [~~loans~~] loan associations whose deposits are insured with
17 an agency of the United States. The state treasurer may
18 deposit money from the state-support reserve fund or any other
19 fund in one or more accounts with any such bank or federally
20 insured savings and loan association, but the state treasurer,
21 in any official capacity, shall not deposit money from [~~said~~]
22 that fund or any other fund in any one [~~such~~] federally insured
23 savings and loan association the aggregate of which would
24 exceed the amount of federal savings and loan insurance
25 corporation insurance for a single public account. Income from

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1 these investments shall be periodically credited to the general
2 fund.

3 D. At least forty-five days before the money is
4 needed, the [~~chief~~] secretary shall notify the state treasurer
5 in writing of the amount that will be needed for the state
6 equalization guarantee distribution. At least twenty-five days
7 before the money is needed, the secretary shall notify the
8 state treasurer in writing of the amount that will be needed
9 for transfer to the local operational school fund for
10 distribution pursuant to the Local Operational School Levy Act.
11 The state treasurer shall transfer to the local operational
12 school fund the amount requested or the remaining unencumbered
13 balance in the state-support reserve fund after the state
14 equalization guarantee distribution amount has been subtracted,
15 whichever is less.

16 E. In the event that local or federal revenues as
17 defined in Section [~~77-6-19 NMSA 1953~~] 22-8-25 NMSA 1978 are
18 received after May 31 of the fiscal year for which the state
19 equalization guarantee distribution is being computed and it is
20 therefore necessary to use money from the state-support reserve
21 fund to augment the appropriation for the state equalization
22 guarantee distribution, the [~~chief~~] secretary, upon receipt by
23 the school district of the delayed local or federal revenues,
24 shall deduct the appropriate amount from the current state
25 equalization guarantee distribution to that school district and

.155667.1

underscored material = new
[bracketed material] = delete

1 reimburse the state-support reserve fund in the amount of the
2 deduction.

3 F. It is the intent of the legislature that the
4 state-support reserve fund be reimbursed in the amount of the
5 yearly distribution by appropriation in the year following the
6 distribution so that the fund at the beginning of each fiscal
7 year shall have a credit balance of at least ten million
8 dollars (\$10,000,000).

9 G. Distribution from [~~this~~] the state-support
10 reserve fund shall be made in the same manner and on the same
11 basis as the state equalization guarantee distribution."